edible oils and will not hesitate to augment supplied through imports in view of comfortable foreign exchange reserves. Some deceleration is now noticed as the inflation rate has dropped to 10.47% in the week ending 4th March, 1995.

Simple Tax System

1093. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the Confederation of Indian Industry has urged Government to adopt simple tax system in the country;

(b) if so, the reaction of Government in this regard;

(c) whether the existing taxation system is cumbersome; and

(d) if so, what other measures Government propose to take to streamline the taxation system in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.

(b) to (d) Simplification of tax-laws is an on-going process. Several measures have been taken in this regard during the last few years.

Hike in interest rate on short term deposits

1094. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank's recent decision to hike maximum short term bank deposits interest rates will have an adverse impact on credit deposit ratio in the banking sector;

(b) if so, whether several financial expert have criticised Government on this move;

(c) if so, the details thereof; and

(d) the reaction of Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (d) Reserve Bank of India (RBI) has reported that the revision in the maximum interest rate on term deposits with the banks from "not exceeding 10.0 per cent" to "not exceeding 11.0 per cent" effective February 10, 1995 was made with a view to evolving a more stable asset liability balance and to ensure that real deposit rates remain positive. The increase in the maximum term deposit rates is not expected to adversely affect the credit deposit ratio of the banking system. Reactions of the banking industry as well as others as reported in the press indicated that the prime lending rates of banks would need to be raised as a consequence of the likely rise in the cost of funds of banks due to the increase in the maximum term deposit rate. Most banks have raised their term deposit rates and prime lending rates in the subsequent period. The maximum deposit rate currently stipulated is considered appropriate taking into account the prevailing conditions in the economy. Interest rates are, however, under continuous review by the Reserve Bank of India (RBI).

Economic reforms

1095. SHRI HIPHEI: Will the Minister of FINANCE be pleased to state:

(a) whether attention of Government has been drawn to a Statement made by Prof. Jeffrey Sachs, Harvard on International Trade and Development that the economic reforms undertaken by India have not produced a huge backlash from the protected sectors;